




MAPLE LEAF GARDENS, LIMITED

ANNUAL REPORT

31st AUGUST 1973



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MAPLE LEAF GARDENS, LIMITED

**FORTY-SECOND
ANNUAL REPORT**

**For the year ended
31st August, 1973**



MAPLE LEAF GARDENS, LIMITED

DIRECTORS

Harold E. Ballard
William Owen Sidney Ballard, B.A., L.L.B.
A. Campbell Burgess, Q.C.
Lorne W. Duguid
Donald P. Giffin
Dr. J. L. Hall
Edward Lawrence
Paul McNamara, Q.C.
Douglas H. Roxborough

OFFICERS

Maple Leaf Gardens, Limited

Paul McNamara, Q.C., Chairman of the Board
Harold E. Ballard, President and Chief Executive Officer
William Owen Sidney Ballard, B.A., L.L.B., Vice-President
A. Campbell Burgess, Q.C., Secretary
J. Donald Crump, C.A., Treasurer
John T. Carey, Assistant Treasurer

Maple Leaf Hockey Club

Harold E. Ballard, President
F. M. Clancy, Vice-President
J. M. Gregory, General Manager
D. J. McLellan, Assistant General Manager
L. P. Kelly, Coach

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company



OFFICES
60 Carlton Street
Toronto, Ontario M5B 1L1

MAPLE LEAF GARDENS, LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS OF MAPLE LEAF GARDENS, LIMITED

Your Directors take pleasure in submitting the Consolidated Financial Statements for the year ended August 31, 1973.

The Company had net earnings from operations of \$1,144,209 or \$1.55 per share for the second highest income from operations since incorporation in 1931.

The Maple Leafs finished out of the play-offs after the defection of several of their players. In spite of this and the increased costs of player salaries, the Leafs were successful at the Box Office and made a significant contribution to the net profit. Management has assembled a young and exciting team for the present season and has every expectation that our patrons and the public will watch their progress with enthusiasm and enjoy their play. The Toronto Marlboro Junior A team won the Memorial Cup which was the sole championship won by any major Toronto team during 1973.

Again during this year Maple Leaf Gardens was the centre for the finest in family entertainment through their presentation of the Ice Capades, Ice Follies, Disney on Parade and the Moscow Circus. The Gardens hosted Liza Minnelli in her first public appearance after winning the Academy Award. Many other successful concerts were held and management will continue the policy of presenting the best performers available and are expanding to promote concerts in theatres and arenas other than Maple Leaf Gardens.

Many letters and comments have been received from our patrons expressing the pleasure they enjoy in attending our clean well maintained premises and it will continue to be our objective to see that the "GARDENS" remains Toronto's foremost entertainment centre.

The Directors wish to sincerely express their appreciation to the Officers and Staff for their untiring efforts over the past year.

on Behalf of the Directors:

HAROLD E. BALLARD,
President & Managing Director.

Toronto
January 15, 1974



MAPLE LEAF GARDENS, LIMITED

(Incorporated under the laws of Ontario and its wholly owned subsidiary)

CONSOLIDATED BALANCE SHEET

(with comparative figures for 1972)

	1973	1972
ASSETS		
CURRENT ASSETS		
Cash, including interest bearing deposits	\$ 312,013	\$1,452,587
Accounts receivable	257,633	90,395
Income taxes recoverable	315,582	—
Current portion of notes receivable	161,635	198,101
Prepaid expenses	233,405	148,591
	<u>1,280,268</u>	<u>1,889,674</u>
NOTES RECEIVABLE	<u>685,955</u>	<u>756,340</u>
FIXED ASSETS		
Land, buildings and equipment, at cost (note 2)	5,642,375	5,598,142
Less accumulated depreciation	<u>2,609,837</u>	<u>2,456,086</u>
	<u>3,032,538</u>	<u>3,142,056</u>
DEFERRED CHARGES less amortization (note 3)	<u>413,500</u>	<u>—</u>
FRANCHISES	<u>100,001</u>	<u>100,001</u>
	<u>\$5,512,262</u>	<u>\$5,888,071</u>

Approved by the Board

HAROLD E. BALLARD, Director

PAUL McNAMARA, Q.C., Director

AUDITORS

To the Shareholders of
Maple Leaf Gardens, Limited

We have examined the consolidated balance sheet of Maple Leaf Gardens, Limited, and the consolidated statements of income, retained earnings and source and application of funds for the years ended December 31, 1973 and 1972, and the procedures and such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion these consolidated financial statements present fairly the financial position of the company at the end of the year and the results of its operations and the source and application of their funds for the year then ended, and are consistent with that of the preceding year.

Toronto, Canada
November 6, 1973

DENS, LIMITED

the laws of Ontario)
a subsidiary

STATEMENT—AUGUST 31, 1973

(as at August 31, 1972)

LIABILITIES

	<u>1973</u>	<u>1972</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 193,276	\$ 344,964
Income and other taxes payable (note 4)	113,669	652,468
Advances from directors (note 5)	292,565	274,709
Deferred Income	2,442,290	2,296,412
Deferred income taxes related to current assets (note 4)	55,300	—
	<u>3,097,100</u>	<u>3,568,553</u>
 DEFERRED INCOME TAXES (note 4)	 <u>238,700</u>	 <u>—</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized — 1,000,000 shares without par value		
Issued — 735,580 shares	36,779	36,779
RETAINED EARNINGS	<u>2,139,683</u>	<u>2,282,739</u>
	<u>2,176,462</u>	<u>2,319,518</u>
	<u><u>\$5,512,262</u></u>	<u><u>\$5,888,071</u></u>
 Contingent liabilities (note 7)		

REPORT

limited and its wholly owned subsidiary as at August 31, 1973 and the consolidated
the year then ended. Our examination included a general review of the accounting
we considered necessary in the circumstances.

financial position of the companies as at August 31, 1973 and the results of their
in accordance with generally accepted accounting principles applied on a basis

THORNE GUNN & CO.
Chartered Accountants

MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary

CONSOLIDATED STATEMENT OF INCOME YEAR ENDED AUGUST 31, 1973 (with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Revenue from operations	\$8,455,069	\$8,578,668
Investment and other income (note 6)	134,164	219,045
	<u>8,589,233</u>	<u>8,797,713</u>
Operating expenses	6,319,024	5,781,278
	<u>2,270,209</u>	<u>3,016,435</u>
Income before income taxes and extraordinary item		
Income taxes		
Current	832,000	1,432,503
Deferred	294,000	—
	<u>1,126,000</u>	<u>1,432,503</u>
Income before extraordinary item	1,144,209	1,583,932
Proceeds from National Hockey League 1972 Expansion, net after income taxes of \$64,000	—	793,143
	<u>—</u>	<u>793,143</u>
Net income for the year	<u>\$1,144,209</u>	<u>\$2,377,075</u>
Earnings per share		
Before extraordinary item	\$1.55	\$2.15
Extraordinary item	—	1.08
	<u>\$1.55</u>	<u>\$3.23</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS YEAR ENDED AUGUST 31, 1973 (with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
Balance at beginning of year	\$2,282,739	\$3,031,879
Net income for the year	1,144,209	2,377,075
	<u>3,426,948</u>	<u>5,408,954</u>
Dividends — \$1.75 (\$4.25 in 1972) per share	1,287,265	3,126,215
	<u>\$2,139,683</u>	<u>\$2,282,739</u>

(See accompanying notes)



MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS YEAR ENDED AUGUST 31, 1973 (with comparative figures for 1972)

	<u>1973</u>	<u>1972</u>
<i>Source of funds:</i>		
From operations		
Net income for the year	\$1,144,209	\$2,377,075
Depreciation and amortization	243,751	170,205
Deferred income taxes, long term portion	238,700	—
Portion of proceeds from National Hockey League 1972 Expansion, not currently due	—	(608,373)
	<u>1,626,660</u>	<u>1,938,907</u>
Reduction of non-current portion of notes receivable	<u>120,385</u>	<u>284,233</u>
	<u>1,747,045</u>	<u>2,223,140</u>
<i>Application of funds:</i>		
Dividends	1,287,265	3,126,215
Additions to fixed assets	44,233	141,140
Notes receivable	50,000	—
Deferred charges	503,500	—
	<u>1,884,998</u>	<u>3,267,355</u>
Decrease in working capital position	137,953	1,044,215
Working capital deficiency at beginning of year	<u>1,678,879</u>	<u>634,664</u>
Working capital deficiency at end of year	<u>\$1,816,832</u>	<u>\$1,678,879</u>

(See accompanying notes)



MAPLE LEAF GARDENS, LIMITED

and its wholly owned subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED AUGUST 31, 1973

1. BASIS OF CONSOLIDATION

The accounts of the company's wholly owned subsidiary, Tulsa Hockey Club, Inc., for the years ended June 30 have been consolidated herein.

2. FIXED ASSETS

	1973			1972
	Cost	Accumulated Depreciation	Net	Net
Land	\$1,187,385	Nil	\$1,187,385	\$1,187,385
Land improvements	29,220	\$ 9,624	19,596	20,413
Buildings	3,392,241	1,853,299	1,538,942	1,603,155
Machinery and equipment	984,002	710,307	273,695	312,647
Automotive equipment	49,527	36,607	12,920	18,456
	<u>\$5,642,375</u>	<u>\$2,609,837</u>	<u>\$3,032,538</u>	<u>\$3,142,056</u>

3. DEFERRED CHARGES

During the year the company has entered into employment contracts with certain of its employees which call for substantial initial cash payments. These cash payments are being amortized over the life of the employment contracts.

4. INCOME TAXES

The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming certain costs for income tax purposes in excess of related costs charged to income. Similarly certain revenues are recorded in the accounts before they are recognized for income tax purposes. The accumulated total of such income tax deferrals is reflected in the balance sheet as "Deferred Income Taxes".

A total amount of \$128,000 has been provided to cover the estimated tax liability which may arise on the proceeds from the National Hockey League Expansion in 1970 and 1972. The estimated tax liability has been calculated by reference to a previous agreement with The Department of National Revenue covering the taxation on the proceeds of the Expansion in 1967, which was assessed and paid in 1972.

5. ADVANCES FROM DIRECTORS

The company is holding on deposit advances received in 1971 from two directors (one of whom is now deceased). The company has retained special legal counsel to review certain legal proceedings involving the two directors and make a report as to the amount of monies which may be owing by them to the company.

6. INVESTMENT AND OTHER INCOME

Included in investment and other income is an amount of \$41,250 (\$78,035 in 1972) received during the year as partial payment on a note which had been reserved against in a prior year. The balance of the note still outstanding is fully provided for in the accounts.

7. CONTINGENT LIABILITIES

(a) A number of legal actions have been launched in the United States against the National Hockey League and its member teams for damages and costs allegedly sustained because of alleged violations of United States' Anti-Trust Laws.

Another Anti-Trust action has been commenced by the former owner of an N.H.L. member club claiming damages and costs based on the allegation that the league's refusal to permit the transfer of the franchise to another city constituted a breach of United States Anti-Trust laws.

While both these actions are being defended, at the moment it is not possible to predict the outcome or the extent of any liability in which the company may be involved should the actions ultimately be successful.

(b) The company is co-defendant in an action which claims that the arrangement for playing some basketball games in Maple Leaf Gardens breaches an exclusive right which the claimant possesses to promote basketball in Toronto. Damages are claimed in the amount of \$300,000. It is the opinion of the company's solicitor that this action can be successfully defended.

(c) Damages for injury are being claimed against the subsidiary Company in the amount of \$125,000. The Company's solicitors are of the opinion that should the claim be successful any damages would probably be covered by insurance.

(d) The company is contingently liable to an amount of \$100,000 as guarantor of a bank loan made to a member N.H.L. club.

8. OTHER STATUTORY INFORMATION

	1973	1972
Remuneration of directors and senior officers (as defined by The Business Corporations Act)	\$527,500	\$472,640
Depreciation	153,751	170,205
Amortization of deferred charges	90,000	—



COMPANY'S RECORD 1932 - 1973

Fiscal Year Ended August 31	Paid Attendance	Net Income From Operations	Extra- Ordinary Income	EARNINGS PER SHARE*			DIVIDENDS PAID		Retained Earnings at End of Year
				From Operations	From Extra- Ordinary Income	Total Earnings	Preference	Common	
1932	810,064	\$ 40,535	\$ —	\$.06	—	\$.06	\$ —	\$ —	\$ 40,535
1933	737,983	48,304	—	.07	—	.07	—	—	67,839
1934	782,426	15,806	—	.02	—	.02	—	—	86,474
1935	1,195,618	40,737	—	.06	—	.06	28,000	—	96,149
1936	882,835	30,378	—	.04	—	.04	28,000	—	100,622
1937	786,050	45,114	—	.06	—	.06	40,000	—	104,684
1938	960,363	87,720	—	.12	—	.12	56,000	—	136,404
1939	878,228	81,190	—	.11	—	.11	55,453	—	162,141
1940	952,927	60,466	—	.08	—	.08	55,453	—	161,192
1941	970,768	48,136	—	.07	—	.07	31,687	—	179,079
1942	1,209,088	86,176	—	.12	—	.12	31,687	—	241,218
1943	1,236,172	74,683	—	.10	—	.10	55,453	—	260,448
1944	1,313,005	88,252	—	.12	—	.12	55,453	—	293,248
1945	1,447,099	90,783	—	.12	—	.12	49,867	—	320,293
1946	1,712,007	134,354	—	.18	—	.18	42,265	18,390	356,249
1947	1,410,268	190,009	—	.26	—	.26	—	36,779	402,560
1948	1,660,733	190,399	—	.26	—	.26	—	73,558	640,498
1949	1,659,486	165,532	—	.23	—	.23	—	73,558	732,472
1950	1,689,887	164,386	—	.22	—	.22	—	73,558	818,296
1951	1,580,792	172,896	—	.24	—	.24	—	110,337	880,854
1952	1,489,954	184,850	—	.25	—	.25	—	147,116	918,588
1953	1,484,094	191,084	—	.26	—	.26	—	147,116	962,556
1954	1,514,184	256,899	—	.35	—	.35	—	191,250	1,057,785
1955	1,251,573	199,163	—	.27	—	.27	—	191,251	1,065,697
1956	1,334,024	289,786	—	.39	—	.39	—	191,251	1,164,232
1957	1,330,459	214,586	—	.29	—	.29	—	176,538	1,202,280
1958	1,200,647	226,244	—	.31	—	.31	—	176,539	1,251,985
1959	1,241,510	205,596	—	.28	—	.28	—	176,539	1,281,042
1960	1,259,251	228,648	—	.31	—	.31	—	176,539	1,333,151
1961	1,084,227	276,715	—	.38	—	.38	—	176,539	1,433,327
1962	1,116,808	301,486	—	.41	—	.41	—	220,674	1,514,139
1963	1,171,796	243,802	48,736	.33	.07	.40	—	250,097	1,556,580
1964	1,251,746	292,715	40,000	.40	.05	.45	—	294,232	1,595,063
1965	1,395,673	920,898	—	1.25	—	1.25	—	294,232	2,221,729
1966	1,317,299	829,993	363,829	1.13	.49	1.62	—	441,348	2,974,203
1967	1,459,199	900,706	2,256,572	1.22	3.07	4.29	—	2,280,293	3,851,183
1968	1,465,252	758,919	—	1.03	—	1.03	—	2,942,320	2,503,982
1969	1,420,617	911,770	76,025	1.24	.10	1.34	—	735,580	2,396,197
1970	1,676,992	913,360	952,000	1.24	1.30	2.54	—	919,475	3,122,082
1971	1,786,293	934,272	—	1.27	—	1.27	—	919,475	3,031,879
1972	1,812,882	1,583,932	793,143	2.15	1.08	3.23	—	3,126,215	2,282,739
1973	1,764,770	1,144,209	—	1.55	—	1.55	—	1,287,265	2,139,683

*Adjusted for stock splits of 4 for 1 in 1947 and 5 for 1 in 1965.



HOME OF THE TORONTO MAPLE LEAF HOCKEY CLUB